



May 14, 2014

Item No. 10

AUTHORIZATION TO: 1) SUBMIT A DEVELOPMENT PROPOSAL, EVIDENTIARY DOCUMENTS, AND SUPPLEMENTAL DISPOSITION APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; 2) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$12,900,000 FOR THE PARKSIDE IIB RENTAL DEVELOPMENT; 3) EXECUTE A GROUND LEASE WITH PARKSIDE PHASE IIB, LP; 4) EXECUTE A REMEDIATION AGREEMENT FOR AN AMOUNT NOT TO EXCEED \$2,097,492 WITH PARKSIDE PHASE IIB, LP AND PARKSIDE ASSOCIATES, LLC FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE PARKSIDE PHASE IIB RENTAL DEVELOPMENT; AND 5) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to: 1) Submit a Development Proposal, Evidentiary documents, and Supplemental Disposition Application to the United States Department of Housing and Urban Development; 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$12,900,000 for the Parkside IIB Rental development; 3) Execute a Ground Lease with Parkside Phase IIB, LP; 4) Execute a Remediation Agreement for an amount not to exceed \$2,097,492 with Parkside Phase IIB, LP and Parkside Associates, LLC for environmental remediation activities at the Parkside Phase IIB Rental Development; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Chief Housing Officer, Office of the General Counsel and Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend approval of this item accordingly.

CORPORATE GOAL #1

The proposed development supports CHA's corporate goal to reimagine the final phase of the Plan for Transformation, coordinating public and private investments to develop healthy, vibrant, communities.

FUNDING

Not to Exceed \$12,900,000 – General and Program Income Funds for the Project Development
Not to Exceed \$2,097,492 - General and/or Other Funds for Environmental Remediation

M/W/DBE & SECTION 3 PARTICIPATION – Compliance Affidavits on File

M/W/DBE Participation:

Direct ____% MBE ____% WBE ____% DBE ____%

Section 3:

(#) Hiring _____ (\$) Subcontracting _____ (\$) Other Economic Opportunities

GENERAL BACKGROUND

Parkside IIB Rental is the fourth phase of the Cabrini Green Extension North redevelopment at Parkside of Old Town. Phase IIB is a 106-unit mixed-income, multi-family residential rental development. The project includes two buildings, a 94-unit nine-story elevator building along Division St. (including five townhouse-style units and two walk-up flats on the rear façade of the building) and a 12-unit three-story walk-up. The Parkside Phase IIB bedroom and income mix will consist of the following:

Unit Type	Public Housing	Affordable	Market Rate	TOTAL
1 BR	21	11	19	51
2 BR	6	12	24	42
3 BR	8	4		12
4 BR	1			1
TOTAL	36	27	43	106

DEVELOPMENT ENTITY

The property is to be developed by Parkside Associates, LLC, an Illinois limited liability company. Parkside Phase IIB, LP, an Illinois limited partnership, the owner of the development, is comprised of Parkside IIB, LLC, an Illinois limited liability company, as the General Partner with a 0.01% interest in the owner and whose Sole Member is Parkside Associates, LLC, an Illinois limited liability company, whose Members include Holsten Real Estate Development Corporation (an Illinois corporation) with a 60% interest and Cabrini Green LAC Community Development Corporation (an Illinois not-for-profit) with a 40% interest. An equity investment partnership owned or controlled by Alliant will be the Investor Limited Partner with a 99.98% interest in the owner and another entity owned or controlled by Alliant will be the Administrative Limited Partner with a 0.01% interest in the owner.

FINANCING

The total estimated development budget for the Parkside Phase IIB Rental development is approximately \$40,951,529 and includes the CHA Loan of approximately \$12,442,319 to be funded with a combination of CHA General and Program Income funds. Additional project sources include approximately \$1,478,746 for the following: \$366,000 from previous grant funds disbursed for demolition, \$10,000 in Cabrini HOPE VI funds for final HUD close-out of the Grant, and \$1,102,746 of CHA General Funds for site remediation, CHA administrative fees and CHA Initial Operating Deficit Reserve.

REMEDICATION AGREEMENT

The estimated remediation cost for the Parkside IIB development is \$1,048,746. CHA's contractual responsibility for remediating foreseen and unforeseen environmental conditions is capped at

200% of this estimated total cost and equals \$2,097,492. The required M/W/DBE participation commitment is 40% of the estimated remediation cost. Additionally, the contractor will meet or exceed its Section 3 requirement.

The Chief Housing Officer concurs with the recommendation to 1) Submit a Development Proposal, Evidentiary documents, and Supplemental Disposition Application to the United States Department of Housing and Urban Development; 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$12,900,000 for the Parkside IIB Rental development; 3) Execute a Ground Lease with Parkside Phase IIB, LP; 4) Execute a Remediation Agreement for an amount not to exceed \$2,097,492 with Parkside Phase IIB, LP and Parkside Associates, LLC for environmental remediation activities at the Parkside Phase IIB Rental Development; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Chief Executive Officer recommends approval to 1) Submit a Development Proposal, Evidentiary documents, and Supplemental Disposition Application to the United States Department of Housing and Urban Development; 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$12,900,000 for the Parkside IIB Rental development; 3) Execute a Ground Lease with Parkside Phase IIB, LP; 4) Execute a Remediation Agreement for an amount not to exceed \$2,097,492 with Parkside Phase IIB, LP and Parkside Associates, LLC for environmental remediation activities at the Parkside Phase IIB Rental Development; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2014-CHA-50

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 14, 2014 entitled authorization to 1) Submit a Development Proposal, Evidentiary documents, and Supplemental Disposition Application to the United States Department of Housing and Urban Development; 2) Commit Chicago Housing Authority funds not to exceed \$12,900,000 for the Parkside IIB Rental development; 3) Execute a Ground Lease with Parkside Phase IIB, LP; 4) Execute a Remediation Agreement for an amount not to exceed \$2,097,492 with Parkside Phase IIB, LP and Parkside Associates, LLC for environmental remediation activities at the Parkside Phase IIB Rental Development; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) Submit a Development Proposal, Evidentiary documents, and Supplemental Disposition Application to the United States Department of Housing and Urban Development; 2) Commit Chicago Housing Authority funds not to exceed \$12,900,000 for the Parkside IIB Rental development; 3) Execute a Ground Lease with Parkside Phase IIB, LP; 4) Execute a Remediation Agreement for an amount not to exceed \$2,097,492 with Parkside Phase IIB, LP and Parkside Associates, LLC for environmental remediation activities at the Parkside Phase IIB Rental Development; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 and insurance requirements.



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